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Message Text

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60
ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 SS-15

NSC-05 /051 W
---------- 027404
R 211214Z OCT 76
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 9135

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EO 11652: NA
TAGS: EAIR, IN
SUBJ: CIVAIR: DISCRIMINATORY GOI PRACTICES

REF: STATE 256870

1. FOLLOWING SEVERAL MAJOR DECISIONS IN FAVOR OF US AIRLINES OVER LAST FEW MONTHS, EMBASSY SURPRISED BY REQUEST REFTEL THAT "FURTHER EFFORTS REQUIRED," AND THAT EMBASSY SHOULD "RENEW PUSH" FOR FURTHER CONCESSIONS.

2. BEGINNING IN JANUARY, GOI HAS PERMITTED PANAM TO REMIT 50PERCENT OF THEIR FUNDS ON A POST-AUDIT BASIS; PANAM ALSO NOW BENEFITS FROM THE RAPID PROCESSING OF ITS MONTHLY REQUESTS. LAST MAY MONEYCHANGERS LICENSE APPROVAL GRANTED PANAM. THIS MONTH TWA RECEIVED APPROVAL IPLP SCHEME.

3. WHILE WE ARE AWARE SOME DISCRIMINATORY PRACTICES PERSIST, THREE MAJOR CONCESSIONS OVER TEN MONTHS IS RESPECTABLE RATE OF PROGRESS. FURTHERMORE, WE ARE TOLD DGCA HAS RECOMMENDED THAT CHARTER REGULATION (PARA 12) WHICH DISCRIMINATES AGAINST "ETHNIC INDIANS" BE DROPPED WITH DECISION EXPECTED SOON. GOI HAS PROMISED THAT INITIALING OF CIVIL AVIATION AGREEMENT PORTION OF DOUBLE TAX TREATY WILL BE DONE IN FEW DAYS.
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4. AS SUGGESTED IN REFTEL, MOST IMPORTANT DISCRIMINATORY
PRACTICE IS GRANTING OF ADDITIONAL FOREIGN EXCHANGE TO
AIR INDIA PASSENGERS. ECON/COUNS HAS BEEN TOLD BY MOF
THAT THEIR MINISTRY HAS APPROVED CHANGE IN GRANTING ALL
PASSENGERS INCREASED FOREIGN EXCHANGE EQUALLY, ELIMINATING
AIR INDIA ADVANTAGE. THIS HAS BEEN CONFIREMED BY
DEPUTY DIRGEN FOR CIVIL AVIATION.
IT WILL NOT BE ANNOUNCED UNTIL SOME TIME AFTER INDO-UK
AIR NEGOTIATIONS COMPLETED AT END THIS MONTH TO AVOID
APPEARANCE OF GRANTING CONCESSION.

5. EMBASSY DISAGREES THAT "FUTHER LOOSENING OF CONTROLS
ON PANAM'S REMITTANCE APPLICATIONS...WOULD BE EASIER
ACHIEVE IN LIGHT EARLIER AGREEMENT TO MOVE TO 50 PERCENT
POST-AUDIT." ON CONTRARY, WE THINK IT WOULD BE COUNTER-
PRODUCTIVE. STEADY PRESSURE RATHER THAN SPECIAL PUSH
WOULD BE FAR MORE EFFECTIVE. WHILE PANAM DOUBTLESS WOULD
LIKE A CHANGE, THEY ARE PROCESSING REQUESTS FOR REMITTANCES
MUCH MORE QUICKLY. ONE MOF OFFICIAL QUESTIONED WHETHER
DESPOIT SCHEME MIGHT NOT BE MORE COSTLY TO PANAM THAN
PRESENT SYSTEM. IN ANY EVENT, EMBASSY STRATEGY IS TO
PERMIT AYEAR'S PERFORMANCE TO BE RECORDED BEFORE AGAIN
MAKING SPECIAL EFFORT TO CHANGE 50 PERCENT RULE.

6. PANAM CHAIRMAN SEAWELL IN DELHI LAST WEEK EXPRESSED
APPRECIATION TO EMBASSY FOR EFFORTS MADE ON THEIR BEHALF.
BOTH TWA ANDPANAM LOCAL REPS PLEASED WITH PROGRESS AND HAVE
NOT BEEN PRESSING FOR ANY SPECIAL PUSH. NONETHELESS,
EMBASSY OFFICERS CONTINUE CALL ATTENTION OF GOI OFFICIALS
TO REMAINING PROBLEMS SEVERAL TIMES EACH MONTH.
SAXBE

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